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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 1, 2018/2019

### **BLE2074 – LABOUR ECONOMICS**

(All sections / Groups)

27 OCTOBER 2018  
2.30 p.m – 4.30 p.m  
(2 Hours)

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#### INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO (2)** printed pages with **FIVE (5)** structured questions excluding cover page.
2. Answer **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

**ANSWER ALL FIVE (5) QUESTIONS (100 MARKS)****Question 1**

- (a) Describe how heterogeneous jobs may create wage differentials based on:
- (i) Compensating wage differentials (4 marks)
  - (ii) Efficiency wage payments (4 marks)
  - (iii) Skill requirements (2 marks)
- (b) How does each of the following activity affect the equilibrium wage rate and the level of employment in a particular labour market?
- (i) A change in product demand that increases the product price. (2 marks)
  - (ii) A decrease in the price of a gross substitute for labour. (2 marks)
  - (iii) A net increase in people's preferences for work relative to leisure. (2 marks)
  - (iv) An improvement in the job status. (2 marks)
  - (v) An increase in the fringe benefits. (2 marks)

**(Total: 20 marks)**

**Question 2**

- (a) Discuss **ONE (1)** reason that contributes to the decline in union membership. (4 marks)
- (b) "The efficient contracts outcome will result in a lower wage and more employment than the monopoly union outcome". Do you agree? Discuss. (10 marks)
- (c) Discuss **TWO (2)** techniques that unions use to increase the wage rate paid to their members. (6 marks)

**(Total: 20 marks)**

**Question 3**

- (a) Distinguish between employment discrimination, occupational discrimination, and human capital discrimination in relation to gender in the workplace. (9 marks)
- (b) Graphically show the effects of discrimination based on the taste for discrimination model analysis. When will the employer who practised discrimination hire the women workers? Explain. (7 marks)

**Continued...**

- (c) Discuss **ONE (1)** non-discriminatory factor that lead to the wage gap between genders. (4 marks)  
**(Total: 20 marks)**

#### **Question 4**

- (a) Table 1 shows the demographic of a country.

**Table 1**

Details	Year 2017
Total Population	30,000
Population 16 years or older and noninstitutionalised	24,000
Employed	18,000
Unemployed	2,000
Discouraged workers	2,000
Underemployed	1,000

- (i) Refer to Table 1. Calculate the size of the labour force, the official unemployment rate and the labour force participation rate. (9 marks)
- (ii) Distinguish the difference between unemployed and underemployed. (2 marks)
- (b) Differentiate between structural unemployment, frictional unemployment and natural rate of unemployment. (9 marks)  
**(Total: 20 marks)**

#### **Question 5**

- (a) Explain the difference between job and occupational mobility. (4 marks)
- (b) Discuss **THREE (3)** determinants of migration. (9 marks)
- (c) Discuss the impact of illegal immigration on wage rates. (7 marks)  
**(Total: 20 marks)**

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